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C O N F I D E N T I A L SECTION 01 OF 03 MADRID 002142

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FOR P - U/S BURNS, ALSO FOR EUR - A/S FRIED

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TAGS: [PREL](#) [SP](#)

SUBJECT: SPAIN SCENESETTER FOR UNDER SECRETARY BURNS'
ATTENDANCE AT OSCE MINISTERIAL

MADRID 00002142 001.2 OF 003

Classified By: CHARGE D' AFFAIRES HUGO LLORENS, REASONS 1.4B AND D.

11. (C) Summary: Embassy Madrid warmly welcomes your visit. We realize much of your time will rightly be occupied by the OSCE ministerial, but we are certain that when you engage on bilateral issues, you will find the Spanish keenly interested in what you have to say. The country is absorbed with the coming elections (Spaniards go to the polls March 9), but this is an opportune moment to reinforce U.S. interest in continuing and strengthening bilateral cooperation on counter-terrorism, law enforcement, and promoting the spread of democracy. Internationally, Spain does more than most Americans realize and less than it could. With your help, we will keep driving home the message that Spain has a larger role to play in the world, whether in Afghanistan, Kosovo, or Latin America. End summary.

Bilateral Relations

12. (C) Although the press feels obliged to trot out Spain's withdrawal from Iraq and the absence of presidential visits every time the bilateral relationship is mentioned, the fact is that we have a solid partnership with Spain based on strong mutual interests in counter-terrorism, fighting narcotics trafficking and organized crime, and an effective Transatlantic relationship. The real bilateral story does not lend itself readily to headlines, but it is found in initiatives such as the HSPD-6 agreement we signed in September to facilitate the sharing of information between our national counter-terrorism authorities. Spain is home to a large and growing Muslim population, mainly young male immigrants whose identification with Spain may be tenuous at best. The March 11, 2004, train bombings were a shock to Spain (21 of the suspects were convicted here in October), and, coupled with the Aznar government's initial insistence on blaming ETA, likely helped propel the socialists to victory in elections held a few days afterwards. However, Spanish authorities understand that event had less to do with Iraq than with the global phenomenon of Islamic radicalism. They know Spain remains a target and expect to be hit again (al-Qaeda has called for attacks to recapture the medieval "Al Andalus"). The Spanish are actively pursuing several hundred investigations that involve more than 1,500 individuals suspected of possible links to Islamic extremism and have arrested several hundred suspects in the past year. Neither has the threat of ETA terror gone away, although we believe the organization has been weakened.

13. (C) Spain continues to play a very valuable role through military cooperation with the U.S. The Spanish bases of Rota and Moron are strategic hubs for moving men and material into the Iraq and Afghanistan theater of operations. Some 5,000 logistical flights of giant Galaxy aircraft and 250 port calls a year speak to the level of activity. Regardless of the government in power, the Spanish military remains pro-U.S., and its employment of the AEGIS system in its frigates and its eagerness to acquire the Tomahawk missile evidence this predisposition.

Elections -----

14. (C) Spain will hold general elections March 9. The ruling Spanish Socialist Workers' Party (PSOE) candidate is President Jose Luis Rodriguez Zapatero. Despite a strong economy, a budget surplus, and a variety of social spending initiatives, the early polls consistently show a race too close to call. This should be good news for Partido Popular (PP) candidate Mariano Rajoy, but he has so far had little evident success capturing the attention of the all-important swing voters. Spanish voters customarily make up their minds late, so the polls may not tell us much until February. The PSOE will trumpet a good economy and its social programs. We expect the PP to run on patriotism (flag and King and standing up to Basque and Catalan demands for even greater regional autonomy), a softening economy, and fears about illegal immigration.

15. (C) To the extent foreign affairs is an issue, it will be the PSOE reminding voters that it got Spain out of Iraq after the PP led it in and the PP arguing that PSOE unwillingness to take principled stands internationally has cost Spain prestige. The PP will point to Cuba and Venezuela. Although

MADRID 00002142 002 OF 003

we will do everything we can to stay out of the limelight, our name could be taken in vain, possibly in the context of Iraq, Guantanamo detentions, or Cuba. The leftist press (acting for the PSOE) has already dragged out Aznar's relations with President Bush and the decision to go to war in Iraq. The right will publicly argue that Spain's international influence has been weakened by its less than optimal relationship with Washington. Although we expect Spain to continue its efforts in Afghanistan, Lebanon, etc. through March and beyond, we should not expect it to increase overseas commitments or launch any major foreign initiatives in the midst of a bruising election campaign. If the PP wins, we anticipate easier sailing with a party that shares many of our views on a host of foreign policy and security issues, including Cuba. If the PSOE wins, our challenge will be to build on the increasing trust of the last two years and persuade politicians like Zapatero, who is very domestically focused, that there is much to be done in the wider world.

16. (C) The economy has grown in each of the last 15 years, and the Spanish are blessed with the world's ninth largest economy and per capita income levels reaching the EU average. In the last several years, a housing boom has contributed greatly to growth, but as elections approach, housing prices are stagnating, construction is slowing, and unemployment and inflation are staring to creep up. U.S. investment has long been important to the economy (more so than bilateral trade), but the tables have turned. This year, Spain has been the fourth largest foreign investor in the U.S., with particular emphasis in banking, construction, and renewable energy. In the latter sector, Spain has the world's largest and third largest wind power firms, and Spanish firms also are active in U.S. solar and biofuels projects.

Spain's Role Abroad -----

17. (C) It would be useful if you conveyed to your Spanish

interlocutors that the U.S. values the contributions Spain is making internationally and hopes that Spain can increase that level of commitment and participation in the future. As a major economic power with a reasonably capable military, and as a uniquely successful example of democratic transition, Spain can and should do more.

¶8. (C) FM Moratinos is deeply committed to the MEPP and is eager to participate in Annapolis. Although his conversations with the Syrians sometimes cause concern, Moratinos sees himself as working to support Secretary Rice -- for whom he has genuine respect and the highest regard -- and U.S. initiatives to help the parties move toward lasting peace. We believe he and Spain will continue trying to play a constructive role.

¶9. (C) On Iran, CFE, and missile defense, we expect Spain will follow the EU, but your interlocutors would appreciate hearing your views on these issues. They appreciate the flexibility the U.S. has shown on all three. You may want to take this opportunity to encourage the Spanish on Kosovo. Mainly for domestic political reasons, they are concerned about the legal basis for their continued presence there if the Troika process does not yield results and no new UNSCR is forthcoming. They have told A/S Fried that they want European consensus and will stand with it, but it would be helpful if they could be more forward-leaning in shaping it.

¶10. (C) Spain has 750 troops with ISAF in Afghanistan and a PRT in Badghis province. They have contributed some 150 million Euros in Afghan reconstruction funds. Spain has recently deployed troops for its NATO training commitment of two OMLTs. Planning is also underway to allow the Spanish to train and equip an Afghan Army company, if successful this may be the prelude to the training and equipping of an additional full battalion. On Iraq, Spain has contributed \$22 million to the Basrah Children's Hospital and a further \$28 million in development funding for Iraq. Spain has nearly 1,100 troops with UNIFIL in Lebanon and about 700 in Kosovo.

Latin America

¶11. (C) Spain is the second largest investor in Latin America (after Brazil). This, along with the obvious linguistic and

MADRID 00002142 003 OF 003

cultural ties, means that Spain is second only to the U.S. in terms of its interest and influence in the region. In general, we see eye to eye. Spain wants strong democratic and free market institutions in Latin America. The Ministry of Foreign Affairs and Cooperation's senior officials on Latin America place a high value on their interactions with A/S Shannon and his team. The exception that proves the rule is Cuba. Despite our continued urging to the contrary, Spain has opted for the path of engagement with the regime. They claim they are positioning themselves to influence and encourage regime elements that might want change. We point out the regime is interested in survival, not change, and that the Cuban dissidents need and deserve the active and visible support of democracies everywhere.

¶12. (C) Venezuela is an interesting case. Zapatero came to office interested in building bridges to Chavez (hence the sale of patrol boats and the erstwhile attempt to sell military aircraft). By the time the King told Chavez to shut up during the Iberoamerican summit earlier this month, it merely crystallized for the public what the government was already telling us privately it understood: Chavez is a problem for Spain and relations are on a downward spiral. The government is now constrained by two factors. Spanish investors in Venezuela are worried Chavez may take his revenge on them (and Chavez has fanned those fears), while the Spanish electorate is overwhelmingly behind the King and would be offended if the government goes overboard

conciliating Chavez. The PSOE tendency may be to hide its head in the sand, but Spain needs to speak out more forcefully in favor of democracy in Venezuela, as Moratinos did several months ago in criticizing Chavez's closure of the independent television station RCTV. Spain also needs to work with us behind the scenes in countries such as Bolivia, Nicaragua, and Ecuador.

¶13. (C) And speaking of Venezuela, counter-narcotics is another area of common interest where you should let the Spanish know we can do more together. Andean cocaine is a serious problem here, and Colombian trafficking organizations have their claws into Spain. We have been reaching out at many levels and in various ways to convey a central message: we need to look for ways to increase bilateral cooperation. With strong support from USSOUTHCOM (Admiral Stavridis visited in October), we have been encouraging Spanish officials to visit Miami and Key West as well as their counterparts in Washington to see first hand the level of U.S. interagency cooperation on the drug front and to explore opportunities for Spain to get more involved.

Conclusion

¶14. (C) Again, welcome to Madrid. We need to hit the ground running with the new administration in March, regardless of who wins. Your visit is an important opportunity to signal to the Spanish, privately and publicly, that ours is a forward-looking partnership, between two institutionally strong democracies, based on fundamental, shared values and mutual interests.

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